

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT POLICY

Voluntary _ Public

Date: 12/9/2016

GAIN Report Number:

Latvia

Post: Warsaw

Poultry production in Latvia continues to grow.

Report Categories:

Poultry and Products

Approved By:

Russ Nicely, Agricultural Attaché

Prepared By:

Piotr Rucinski, Agricultural Specialist

Report Highlights:

Latvia is a net importer of poultry meat. It is estimated that in 2016 poultry meat production will increase by 10 percent as a result of growing domestic demand and reduced imports. In 2015 production of eggs grew by 8 percent because of increased demand for export to the United States. It is expected that in 2016 production of eggs will decline because of reduced exports.

General Information:

Production

In 2015 poultry meat production in Latvia amounted to 29,700 MT and was 3 percent higher than in 2014. It is expected that due to growing domestic demand and low cost of feed production of poultry meat will grow in 2016 by 10 percent. In 2015 the share of poultry meat in total meat production amounted to 35 percent and was three percent higher than in 2014. Latvia's largest poultry producer and processor is Putnu Fabrika Ķekava. PF Kekava supplies an estimated 65 percent of the total supply of poultry meat in Latvia and produces 240 types of poultry products. The annual turnover of Ķekava is estimated at U.S. \$40 million, with U.S. \$5.5 million profit. The company belongs to the Lithuanian investment agricultural holding Linas Agro Group. In 2016 the overall growth of production capacity of PF Kekava is expected to be 10 percent higher than in 2015. Since the beginning of 2016 the company has invested 7.4 million Euro in the modernization of facilities and the opening of new production lines. PF Kekava established a new export brand "Top Choice Poultry" designed for the catering segment. Kekava is exporting nearly 28 percent of overall volume of production, and is aiming to bring this figure up to 40 percent within the next couple of years. The company produces nearly 20,000 MT of poultry per year.

In 2015, 698 million eggs were produced in Latvia, compared to 648 million in 2014. In 2015, on average one laying hen produced 272 eggs. Increase of egg production 2015 by 8 percent stemmed from demand for export of eggs to the United States.

Consumption

Demand for domestically produced products is growing in Latvia. Several Latvian poultry producers, including Putnu Fabrika Kekava Ltd and Lielzeltini, are putting the origin of their products on the packaging, letting consumers know that they are buying domestically produced poultry. According to recent studies for 76 percent of Latvian consumers it is important that the poultry they are buying is produced in Latvia and the information about the origin of the product is stated on the packaging.

Trade

Latvia is a net importer of poultry meat. In 2015 Latvia imported 27,988 MT of poultry meat valued at U.S. \$37 million. In the first 8 months of 2016 imports of poultry products amounted to 23,323 MT, a drop by 10 percent in comparison to the same period of the previous year, because of lower imports from Lithuania and Poland. Estonia is a major supplier of poultry meat to Latvia followed by, Poland and Lithuania. Latvia imports mainly chicken cuts and edible offal (HS code 020713) and prepared or preserved chicken meat and offal (HS code 160232).

In 2015 exports of poultry meat amounted to 13,642 MT, 10 percent less than in 2014. In the first 8 months of 2016 exports decreased by 11 percent, due to reduced volume of shipments to Sweden and

closure of the Russian market. A decline of prices within the EU resulted in a 17 percent drop of value of exports in the first 8 months of 2016 in comparison to the same period of 2015. Main export destinations within the EU are Estonia, Sweden and Lithuania. Exports outside of the EU are directed mainly to Belarus and Uzbekistan. Although the priority markets for Latvia's exports are the Baltic States and Scandinavia, the largest poultry processor Putnu Fabrika Ķekava plans to launch exports to China.

End of the Report.